



STATE OF DELAWARE
OFFICE OF AUDITOR OF ACCOUNTS

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March 24, 2005

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Dr. Patricia Oliphant
Executive Director
Sussex Academy of Arts and Sciences
21777 Sussex Pines Road
Georgetown, DE 19947

Dear Secretary Woodruff and Dr. Oliphant:

SUBJECT: FINAL REPORT ON SUSSEX ACADEMY OF ARTS AND SCIENCES

We have completed an agreed-upon procedures attestation engagement of Sussex Academy of Arts and Sciences (the School). The engagement included student accounting and enrollment. The purpose of the engagement was to determine the School's compliance with specific laws and to report findings as a result of procedures performed.

I trust the information contained therein will be helpful and informative.

Sincerely yours,

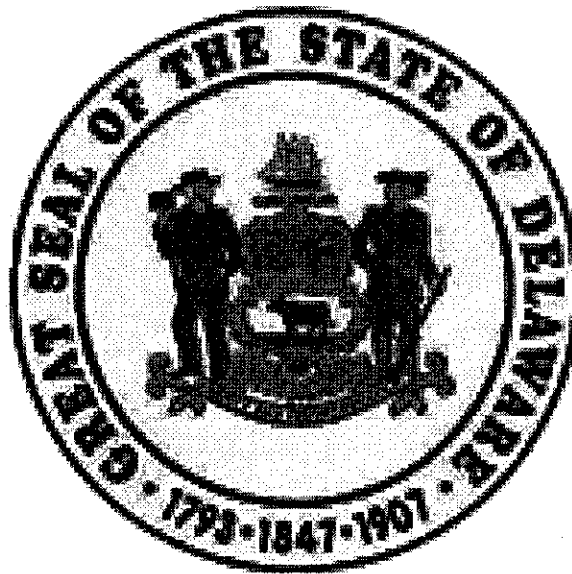
OFFICE OF AUDITOR OF ACCOUNTS

R. Thomas Wagner, Jr., CGFM, CFE
Auditor of Accounts

RTW:KVV:CLF
Enclosure

**OFFICE OF AUDITOR OF ACCOUNTS
SUSSEX ACADEMY OF ARTS AND SCIENCES
AGREED-UPON PROCEDURES
ATTESTATION ENGAGEMENT**

September 30, 2004



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Independent Auditor's Report
on Applying Agreed-Upon Procedures

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19903-1402

Dr. Patricia Oliphant
Executive Director
Sussex Academy of Arts and Sciences
21777 Sussex Pines Road
Georgetown, DE 19947

Dear Secretary Woodruff and Dr. Oliphant:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and Sussex Academy of Arts and Sciences (the School). The procedures were performed solely to assist the specified parties in evaluating the School's compliance and the effectiveness of the School's internal control over compliance with State laws and regulations in regard to Student Accounting and Enrollment. Procedures were performed for Student Accounting and Enrollment as of September 30, 2004. Management of the School is responsible for the School's compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards* (2003), issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures were as follows:

Student Enrollment

- Evaluated the adequacy of in-house policies and procedures governing the preparation of the September 30, 2004 count.
- Inspected supporting documentation to confirm the number of eligible students versus the number reported by the District to the Department of Education (DOE) for inclusion in the September 30, 2004 student count and calculated the dollar impact of disallowed students (if applicable).

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The Honorable Valerie A. Woodruff
Dr. Patricia Oliphant
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- Selected ten percent (or a minimum of five) "Individualized Education Program" (IEP) files at each school to verify that each file contained the required documentation in accordance with the DOE's Administrative Manual and calculated the dollar impact of disallowed students, if applicable.
- Followed-up on prior year findings and recommendations to determine if the School complied with prior year recommendations.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of DOE and the School and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Controller General, Attorney General, Office of Budget, and the Department of Finance.

Sincerely yours,

OFFICE OF AUDITOR OF ACCOUNTS

R. Thomas Wagner, Jr., CGFM, CFE
Auditor of Accounts

Engagement fieldwork completed
January 28, 2005

RTW:KVV:CLF

SCHEDULE OF FINDINGS

Procedure Agreed Upon#1

Evaluate the adequacy of in-house policies and procedures governing the preparation of the September 30th student count.

Finding

According to the State of Delaware Budget and Accounting Policy Manual "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Additionally, the Manual goes on to state that "Internal control provides management with reasonable assurance that its policies and procedures are implemented and consistently followed to ensure efficient and effective organizational operation." Further, the Manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met".

Sussex Academy of Arts and Sciences utilizes DOE issued manuals and memorandums. These manuals and memorandums provide guidance regarding the eligibility of students; however, they do not address the School's internal operations regarding the preparation, review, and reporting of student enrollment figures. The School does not have written policies and procedures governing the preparation, review, and reporting of the September 30th student count.

Recommendation

Sussex Academy of Arts and Sciences develop and implement in-house written policies and procedures governing the preparation, review and reporting of the September 30th student enrollment figures to the Department of Education. These policies and procedures should incorporate information such as:

- Attendance taking methodology
- Verification of attendance by upper level administrative staff
- Gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound documentation, documentation concerning any child that is placed in an alternative education setting, engineering, etc.)
- How the School ensures that required information is included on IEP's (necessary signatures, goals, benchmarks, and objectives, etc.)
- How the School ensures that required documentation is maintained for students in vocational or co-op programs (if applicable)
- References to pertinent rules and regulations stipulated by DOE or DE Code
- Records retention policy

SCHEDULE OF FINDINGS

Auditee Response

District officials stated, "we believed that we had appropriate procedures in place for the verification of September 30th enrollment". Officials further stated they would "take corrective action such that a more detailed set of procedures are enacted for the September 30th enrollment process."

DOLLAR IMPACT/SAVINGS

There was no dollar impact/savings identified as a result of applying the specified agreed upon procedures.

DISTRIBUTION OF REPORT

Copies of the School's Agreed-upon Procedures Attestation Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Jennifer Davis, Budget Director, Office of the Budget

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable M. Jane Brady, Attorney General, Office of the Attorney General

Other

Dr. Joseph A. Pika, President, State Board of Education
Ms. Dorcell S. Spence, Associate Secretary of Education, Finance and Administrative Services Branch, Department of Education
Mr. Jerry Gallagher, Director, Financial Management, Department of Education
Ms. Becki Surguy, Financial Management Specialist, Department of Finance
Ms. Maureen Miller, President, Sussex Academy of Arts and Sciences, Board of Education
Members, Sussex Academy of Arts and Sciences, Board of Education

This report is also available at no charge on the Office of Auditor of Accounts website at www.state.de.us/auditor/index.htm or by requesting a copy in writing to:

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